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Message Text

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PAGE 01 SINGAP 01222 260535 Z

15
ACTION EB-11

INFO OCT-01 EA-11 NEA-10 ADP-00 AID-20 CIAE-00 COME-00

FRB-02 INR-09 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 SAL-01 OMB-01 STR-08 RSR-01

/104 W
---------- 018402
R 260435 Z MAR 73
FM AMEMBASSY SINGAPORE
TO AMEMBASSY BANGKOK
INFO SECSTATE WASHDC 8548
AMEMBASSY COLOMBO
AMEMBASSY JAKARTA
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY SAIGON
AMEMBASSY SEOUL
AMEMBASSY TAIPEI

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E. O. 11652: N/ A
TAGS: ELAB, EGEN, SN
SUBJECT: GOVERNMENT REGULATION OF FOREIGN INVESTMENT IN SINGAPORE

REF: BANGKOK 4051

SUMMARY: BUSINESSMEN- INVESTORS COMING TO SINGAPORE HAVE PRACTICALLY NO PROBLEMS. FOREIGN INVESTMENT IN SINGAPORE IS ENCOURAGED BUT GOS IS BECOMING MOCT SELECTIVE. FOREIGN FIRMS ARE NOT SUBJECT TO SERIOUS RESTRICTIONS IN THEIR OWNERSHIP AND OPERATION. HOWEVER, FOREIGN EMPLOYEES ARE BEING MORE CLOSELY SCRUTINIZED VIS- A- VIS THE AVAILABILITY OF SINGAPOREANS TO FIL THEIR POSITIONS. END SUMMARY.

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1. ALL TYPES OF FOREIGN BUSINESSES MAY OPEN UP IN SINGAPORE, BUT BANKS, INSURANCE COMPANIES AND CERTAIN MANUFACTURING OPERATIONS NEED SPECIAL LICENSES. THE NUMBER OF BANKS AND INSURANCE COMPANIES IS CLOSELY REGULATED. MANUFACTURERS OF SUCH ITEMS AS PENS, LIGHT BULBS, SOAP, BICYCLES, ETC., ARE ALSO LICENSED (POUCHING FULL LIST). FOREIGN MANUFACTURERS OF THESE ITEMS ARE DISCOURAGED. THE ECONOMIC DEVELOPMENT BOARD' S (EDB) OVERSEAS INVESTMENT CENTERS ACTIVELY AND EFFECTIVELY PROMOTE SINGAPORE AS A LOCALE FOR HIGH TECHNOLOGY OPERATIONS.

2. CERTAIN DESIRED INDUSTRIES HAVE BEEN DENOTED " PIONEER INDUSTRIES." FIRMS RECEIVING " PIONEER STATUS" NOW ARE MOSTLY IN HIGH- TECHONOLOGY AREAS -- LIST BEING POUCHED. COMPANIES IN THESE WDUSTRIES WITH A FIXED INVESTMENT OF US$400 THOUSAND MAY BE ENTITLED TO EXEMPTION FROM COMPANY TAX (40 PERCENT) FOR A PERIOD OF 5 YEARS.

3. FOREIGN COMPANIES MAY CONDUCT BUSINESS IN SINGAPORE BY ESTABLISHING A DOMESTIC CORPORATION OR BRANCH. THE FORMER MUST HAVE AUTHORIZED CAPITAL AND PAID- UP CAPITAL (NO MINIMUM) WHILE A BRANCH OFFICE NEED HAVE NEITHER. BOTHHTUST FILE ANNUAL AUDITED STUMEMENTS WITH THE REGISTRAR OF COMPANIES. LOCAL EQUITY PARTICIPATION IS NOT A STATUTORY REQUIREMENT , BUT IN SOME CASES THIS IS ENCOURAGED BY THE EDB.

4. THE REGISTRATION FEE RANGES FROM SLIGHTLY OVER US$100 UPWARD DEPENDING ON SIZE OF COMPANY. WE ARE POUCHING DESCRIPTION OF SLIDING SCALE.

5. REPATRIATION OF PROFITS AND THE IMPORT OF CAPITAL ARE FREELY ALLOWED. HOWEVER, REMITTANCES ARE EXAMINED ON A CASE- BY- CASE BASIS BY THE EXCHANGE CONTROL DEPARTMENT.

6. THE EDB INVESTMENT SERVICES DIVISION GIVES INVESTORS A SINGLE AGENCY CAPABLE OF COORDINATING ALL THEIR DEALINGS WITH THE GOVERNMENT WITH RESPECT TO NEW INVESTMENTS. IT GIVES NEW INVESTORS A FRANK VIEW FROM THE GOS SIDE. SINGAPORE HAS BECOME MORE SELECTIVE AND IS NOW MAINLY LOOKING FOR THOSE FOREIGN FIRMS ABLE TO

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INTRODUCE NEW TECHNOLOGY AND WILLING TO TRAIN LOCAL

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WORKERS IN THE SKILLS DEMANDED (AT ALL LEVELS).

7. NON- CITIZENS EARNING UNDER APPROX US$300 PER MONTH NEED A WORK PERMIT. OTHERS NEED EMPLOYMENT PASS (VALID UP TO 5 YEARS) OR PROFESSIONAL VISIT PASS (VALID UP TO 1 YEAR). UNTIL THE PAST FEW YEARS THE LAST TWO TYPES OF PERMITS WERE ISSUED PRACTICALLY WITHOUT LIMIT. ALIENS MUST NOW PROVE THAT THEY CAN MAKE A REAL CONTRIBUTION TO SINGAPORE' S ECONOMY BEFORE BEING ISSUED SUCH A PASS. INCREASINGLY NOW, FOREIGN SALES AND SERVICE COMPANIES ARE BEING ASKED TO REPLACE SOME EXPATRIATES WITH LOCAL EMPLOYEES. MANUFACTURING FIRMS ARE NOT BEING PRESSED IN THIS BUT IN MANY CASES HAVE TRAINED LOCALS FOR POSITIONS FORMERLY MORE OR LESS AUTOMATICALLY FILLED BY ALIENS. JUSTIFICATION FOR THE CONTINUED USE OF ALIENS WILL IN THE FUTURE BE MORE DIFFICULT FOR ALL TYPES OF OPERATIONS, HOWEVER. SOME BUSINESSMEN WORK IN SINGAPORE FOR A FEW WEEKS, LEAVE FOR BUSINESS IN OTHER AREAS, AND THEN RETURN A FEW WEEKS LATER. THEY ARE ABLE TO ENTER SIMPLY AS TRAVELING BUSINESSMEN AND THEREBY AVOID REQUIREMENT OF A PROFESSIONAL VISIT PASS. PERMANENT RESIDENCE MAY BE GRANTED TO COMPETENT PROFESSIONAL NON- CITIZENS IF THEY INVEST US$40,000 IN AN APPROVED LOCAL INDUSTRY.

8. OTHER PROFESSIONALS WHO ARE NON- CITIZENS, SUCH AS DOCTORS, DENTISTS, AND LAWYERS ARE HELD TO A MINIMUM. U. S. LAWYERS HERE MAY SERVE ONLY IN A CONSULTATIVE CAPACITY. THE ONLY PRACTICING U. S. DOCTORS ARE AT THE SEVENTH DAY ADVENTIST HOSPITAL.
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EB
JAKARTA
KUALA LUMPUR
MANILA
SAIGON

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